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Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 FTC-01 JUSE-00 L-03 AID-05 CEA-01
CIAE-00 COME-00 EA-10 EUR-12 FRB-03 INR-10 IO-13
NEA-10 NSAE-00 ICA-11 OPIC-03 SP-02 TRSE-00
LAB-04 SIL-01 AGRE-00 OMB-01 SS-15 HA-05 /119 W
----------003698 140705Z /14
R 131702Z SEP 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9960
INFO AMEMBASSY PARIS

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E.O. 11652: N/A
TAGS: OECD, EINV, ETRD, ELAB, UK
SUBJECT: ALLEGED VIOLATION OF OECD GUIDELINES BY US
MULTINATIONAL CORPORATION

REF: STATE 221062

1. IN RESPONSE TO REFTEL, EMBASSY HAS INVESTIGATED THE BACKGROUND TO THE "FINANCIAL TIMES" ARTICLE CLAIMING THAT WYETH LABORATORIES, A UK SUBSIDIARY OF A US COMPANY, REFUSES TO RECOGNIZE A LOCAL LABOR UNION AND MAY BE BANNED FROM SELLING ITS CONTRACEPTIVE PILLS TO THE UK NATIONAL HEALTH SERVICE.

2. THE US PARENT FIRM IS AMERICAN HOME PRODUCTS CORPORATION. WE UNDERSTAND IT IS LOCATED IN RADNOR, PENNSYLVANIA, BUT MAY ALSO HAVE OFFICES IN NEW YORK.

3. THE UNION INVOLVED IS THE ASSOCIATION OF SCIENTIFIC, TECHNICAL AND MANAGERIAL STAFF (ASTMS), A MAJOR BRITISH
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TRADE UNION. ASTMS HAS MOUNTED A CONSIDERABLE CAMPAIGN TO PUT PRESSURE ON WYETH AND AMERICAN HOME PRODUCTS. IN ADDITION TO GETTING THE STORY IN THE "FINANCIAL TIMES," THE UNION ALSO WROTE A LETTER ON JULY 17 TO PRESIDENT CARTER IN WHICH IT IS CLAIMED THAT AMERICAN HOME PRODUCTS "IS REFUSING BASIC HUMAN RIGHTS TO ITS EMPLOYEES IN THE UNITED KINGDOM" AND CONTRAVENING

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THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES.
TEXT OF LETTER CONTAINED PARA 10.

4. ASTMS CLAIMS (A) IT HAS BEEN SEEKING TRADE UNION RECOGNITION AT WYETH SINCE 1973, (B) THE ADVISORY, CONCILIATION AND ARBITRATION SERVICE (ACAS) INVESTIGATED AND ADVOCATES RECOGNITION,(C) THE DEADLINE FOR COMPLIANCE WAS JULY 14, 1978, AND (D) WYETH REFUSES TO IMPLEMENT THE DECISION.

5. IN FACT, THE ASTMS REPRESENTATIVE HAS PRIVATELY ADMITTED TO US THAT DOMESTIC LEGAL PROCEDURES HAVE STILL SOME WAY TO GO BEFORE BEING EXHAUSTED. SPECIFICALLY, THE NEXT STEP IS REVIEW OF THE ACAS DECISION BY THE CENTRAL ARBITRATION COMMISSION AND THIS PROCESS IS ONLY BEGINNING. IN ADDITION, OUR CHECKS WITH ACAS REVEAL THAT ITS RECOMMENDATION FOR RECOGNITION OF ASTMS APPLIES ONLY TO ONE PART OF WYETH'S SALES FORCE, THAT CONCERNED WITH "ETHICAL AND NUTRITIONAL SALES."

6. ASTMS ALSO CLAIMS THAT WYETH IS CONTRAVENING THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES. PARAGRAPHS 1,4, AND 9 OF THE EMPLOYMENT AND INDUSTRIAL RELATIONS SECTION ARE CITED BY ASTMS AS HAVING BEEN FLOUTED BY WYETH.

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7. ACCORDING TO ASTMS, THE TUC MAY POSSIBLY SEEK TO RAISE THE CASE IN THE OECD COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES, BY GOING THROUGH THE OECD TRADE UNION ADVISORY COMMITTEE (TUAC). APPARENTLY, NO FINAL TUC DECISION HAS BEEN MADE YET ON WHETHER TO PROCEED IN THE OECD.

8. THE ASTMS HAS WRITTEN TO THE UK SECRETARY OF STATE FOR INDUSTRY SEEKING SUPPORT AND GUIDANCE ON THE QUESTION OF WHETHER WYETH HAS DEFINITELY VIOLATED THE OECD GUIDELINES. WE UNDERSTAND HE RESPONDED THAT IT IS PREMATURE TO CONSIDER GOING TO THE OECD SINCE THERE ARE NATIONAL PROCEDURES AND REMEDIES AVAILABLE TO THE UNION. ASTMS HAS ALSO ASKED THE SECRETARY OF STATE FOR SOCIAL SERVICES TO STOP PURCHASES BY THE NATIONAL HEALTH SERVICE OF CONTRACEPTIVE PILLS MANUFACTURED BY WYETH. APPARENTLY, NO DECISION HAS BEEN MADE ON THIS POINT.

9. THE PRESENT SITUATION IS ONE OF IMPASSE. WYETH CONTINUES TO REFUSE RECOGNITION OF THE UNION, APPARENTLY ON ORDERS FROM THE AMERICAN PARENT FIRM, AND ASTMS

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CONTINUES TO PRESSURE THE COMPANY BY WHATEVER MEANS IT

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/119 W
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INFO AMEMBASSY PARIS

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CAN. THERE MAY BE SOME HOPE OF PROGRESS, HOWEVER, SINCE THE TWO SIDES HAVE AGREED TO RESUME INFORMAL DISCUSSIONS WITHIN THE NEXT TWO WEEKS AND ASTMS HAS AGREED TO TAKE NO FURTHER ACTION UNTIL THE END OF SEPTEMBER.

10. FOLLOWING IS TEXT OF ASTMS LETTER OF JULY 17 TO PRESIDENT CARTER. BEGIN TEXT "UNDERSTANDING AND SUPPORTING YOUR ADMINISTRATION'S POLICIES ON HUMAN RIGHTS ISSUES, I WOULD LIKE TO DRAW TO YOUR ATTENTION AN INSTANCE WHERE A MAJOR AMERICAN MULTI-NATIONAL COMPANY IS REFUSING BASIC HUMAN RIGHTS TO ITS EMPLOYEES IN THE UNITED KINGDOM. THIS IS THE AMERICAN HOME PRODUCTS CORPORATION WHICH OWNS WYETH LABORATORIES AT MAIDENHEAD, ENGLAND. IN 1973, I APPROACHED THIS COMPANY FOR TRADE UNION RECOGNITION, BUT WAS CONSISTENTLY REBUFFED BY THE COMPANY. IN 1974, LEGISLATION IN THE FORM OF THE EMPLOYMENT PROTECTION ACT WAS INTRODUCED TO DEAL WITH SUCH
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RECOGNITION ISSUES. ACCORDINGLY, THE STAFF IN MEMBER-
SHIP OF THIS ASSOCIATION SOUGHT A REMEDY UNDER THE LAW,
AND AFTER A LONG INVESTIGATION, INCLUDING A SECRET
BALLOT OF ALL THE EMPLOYEES CONCERNED, THE INDEPENDENT
ADVISORY, CONCILIATION AND ARBITRATION SERVICE PUBLISHED
A REPORT ON 2 MAY THIS YEAR ADVOCATING RECOGNITION
OF THIS ASSOCIATION. THE DEADLINE FOR COMPLIANCE
WAS FRIDAY, 14 JULY. THE COMPANY, HOWEVER, HAS REFUSED
TO IMPLEMENT THE ACAS AWARD, AND THIS ACTION APPEARS
TO BE IN CONTRAVENTION OF THE OECD GUIDELINES FOR
MULTINATIONAL ENTERPRISES, TO WHICH YOUR GOVERNMENT
IS A PARTY. THE COMPANY'S ACTION PARTICULARLY FLOUTS
THE SECTION ON EMPLOYMENT AND INDUSTRIAL RELATIONS,
PARAS. 1,4 AND 9. THE HUMAN RIGHTS OF OUR MEMBERSHIP
ARE AT STAKE. THERE ARE NO DISPUTES OVER PAY, DIS-
MISSALS OR ANY POSSIBLE CONTRAVERSIAL MATTERS. IT
IS SIMPLY A QUESTION OF RECOG ITION OF HUMAN RIGHTS
IN THE EMPLOYMENT FIELD. I WOULD BE GRATEFUL IF YOU
WOULD TAKE THIS MATTER UP WITH THE BOARD OF AMERICAN
HOME PRODUCTS SINCE WE HAVE DEVELOPED EXCELLENT LABOUR
RELATIONS WITH A WHOLE RANGE OF AMERICAN-OWNED COM-
PANIES IN THE UNITED KINGDOM. IF THIS PROBLEM IS NOT
RESOLVED URGENTLY, IT COULD WELL CALL INTO QUESTION
THE WILLINGNESS OF AMERICAN-OWNED COMPANIES TO
COMPLY WITH THE "FRAMEWORK OF LAW, REGULATIONS AND
PREVAILING LABOUR RELATIONS AND EMPLOYMENT PRACTICES"
IN THE UNITED KINGDOM. I LOOK SORWARD TO HEARING
FROM YOU ON THIS MATTER. YOURS SINCERELY, ROGER
LYONS, NATIONAL OFFICER, ASTMS. END TEXT

11. ABOVE LETTER WAS SENT DIRECTLY FROM ASTMS TO THE
WHITE HOUSE AND EMBASSY HAS ONLY A COPY. ACCORDING
TO ASTMS, NO REPLY HAS YET BEEN RECEIVED.
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